

Methods of Activation of Development of Regional Economy in the Context of Economic System Modernization

Métodos de activación del desarrollo de la economía regional en el contexto de la modernización del sistema económico

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ABSTRACT:

The purpose of the research is to determine the methods of activation of innovational processes at the level of regional economy in the context of modernization of modern Russia's economic system for the interests of achieving its well-balanced development. For determining the fact of existence and determining the level and dynamics of disproportions in the level of socio-economic development of regional economy of Russia, the authors use the method of time series analysis. As a result of the research, the authors come to the conclusion that such problem does exist and deepens with time. Contrary to the popular idea on impossibility of well-balanced development of Russia's regional economy due to large differences in the existing potential and achieved successes on the path of such development, this work offers the mechanism that allows ensuring the implementation of this task. Wide perspectives for activation of regional economy's development open in the context of modernization of the economic system. Innovations allow starting the process of their socio-economic development and thus stimulate reduction of the gap between regions. The

RESUMEN:

El objetivo de la investigación es determinar los métodos de activación de los procesos de innovación a nivel de la economía regional en el contexto de la modernización del sistema económico moderno de Rusia para los intereses de lograr su desarrollo bien equilibrado. Para determinar el hecho de la existencia y determinar el nivel y la dinámica de las desproporciones en el nivel de desarrollo socioeconómico de la economía regional de Rusia, los autores utilizan el método de análisis de series temporales. Como resultado de la investigación, los autores llegan a la conclusión de que tal problema existe y profundiza con el tiempo. Contrariamente a la idea popular sobre la imposibilidad de un desarrollo bien equilibrado de la economía regional de Rusia debido a las grandes diferencias en el potencial existente y a los éxitos alcanzados en el camino de este desarrollo, este trabajo ofrece el mecanismo que permite asegurar la implementación de esta tarea. Amplias perspectivas para la activación del desarrollo de la economía regional abierta en el contexto de la modernización del sistema económico. Las innovaciones permiten iniciar el proceso de su

mechanism of regions' development should be based on private entrepreneurship. The offered methods of activation of regional economy's development in the context of modernization of economic system allow starting innovational processes at the level of underdeveloped Russian regions and reducing the gap between them and the leading regions. As a result of realization of the offered recommendations, the gap in the level of regions' development is reduced, and well-balanced development of Russia's economic system is ensured.

Key words: regional economy, well-balanced development, modernization of economic system.

desarrollo socioeconómico y así estimular la reducción de la brecha entre las regiones. El mecanismo del desarrollo de las regiones debería basarse en el emprendimiento privado. Los métodos ofrecidos de activación del desarrollo de la economía regional en el contexto de la modernización del sistema económico permiten iniciar procesos de innovación a nivel de las regiones de Rusia subdesarrolladas y reducir la brecha entre ellas y las regiones líderes. Como resultado de la realización de las recomendaciones ofrecidas, se reduce la brecha en el nivel de desarrollo de las regiones y se garantiza un desarrollo bien equilibrado del sistema económico de Rusia.

Palabras clave: economía regional, desarrollo bien equilibrado, modernización del sistema económico.

1. Introduction

Modern Russia's economic system has a very complex structure, in which, despite the domination of common tendencies and regularities, regional economy develops in an unbalanced way. Due to this, generalizes and average macro-economic indicators do not reflect authentic information on each separate region.

In its striving to show highest possible results of socio-economic development, the government of modern Russia focuses on the leading regions, which leads to achievement of necessary values of macro-economic indicators – post-industrial specialization, high living standards, intense business reputation, etc. – for corresponding the level of the developed countries.

However, other regions remain at the background; they are “mingled” with leading regions and are lost in statistics. Without the necessary support and own possibilities for development – primarily, due to the resources' being taken to the federal level for solving the national issues of state management – most Russia's regions are far from the level of socio-economic development, which is presented at the world arena and specified in the international rankings.

As we speak about systemic underrun of majority of Russia's regions and their turning into the sources of growth for the leading regions and strengthening of the national image, this poses a problem. Due to this, the necessity for reconsidering the approach to managing the process of development of regional economy for provision of its balance becomes very topical.

Our hypothesis is that the reason for emergence of this problem and further aggravation lies in incorrect approach to managing the development of national economy. The targeted values of indicators of socio-economic development should be achieved at the level of most regions, not only at the level of the model regions. The problem should be solved in the context of modernization processes in modern Russia. The purpose of the research is to determine the methods of activation of development of regional economy in the context of modernization of economic system.

2. Materials and method

In order to determine the fact of existence and the level and dynamics of disproportions in the level of socio-economic development of regional economy of Russia, we use the method of time series analysis. With the help of this method, by automatized calculations with application of functions in Microsoft Excel, we calculate direct average of the selection, standard deviation and per cent of deviation from the standard deviation.

The selection includes the materials of the official statistics of the Federal State Statistics Service of the Russian Federation for 2005 and 2016. For analysis we selected the following indicators socio-economic development regional economy:

- gross regional products per capita as the indicator of the living standards of the region's population;
- share of service sphere in the structure of gross regional product as the indicator of the level of

- region's economy's post-industrialization;
- innovational activity of organizations as the indicator of implementation of region's innovational potential;
- investments into fixed capital as the indicator of stimulating the innovational activity of regional economy.

The results of statistical analysis of these indicators are shown in Table 1. It should be noted that we do not provide a full selection of these indicators, as it contains 85 positions (for all regions of the RF), so it is rather large and not presentable within this article.

Table 1
Results of statistical analysis of indicators of socio-economic development of Russia's regional economy in 2005 and 2016

Indicators of socio-economic development of regional economy	Average value		Standard deviation		Deviation %	
	2005	2016	2005	2016	2005	2016
Gross regional product (gross added value in current main prices) per capita, RUB thousand	98.6	438.2	85.3	584.63	86.4	133.4
Share of service sphere in the structure of gross regional product, %	24.7	39.6	16.8	22.7	42.4	57.3
Innovational activity of organizations (share of organizations that implement innovations, in the total number of studied organizations), %	9.4	8.6	3.9	4.3	41.8	49.3
Investments into fixed capital (in factual and current prices), RUB billion	43.2	173.0	59.9	258.9	138.6	149.7

Source: compiled by the authors on the basis of (Federal State Statistics Service, 2016).

3. Discussion

The theoretical basis of the research consists of materials of modern authors on the issues of activation of development of regional economy and modernization of economic system, among which are (Popkova, 2013), (Belov and Kravets, 2013), (Przhedetskaya, 2014), and (Ragulina et al., 2015).

4. Results

Analysis of the data of Table 1 showed that gross regional products per capita in the Russian regions deviates from the average value by 133.4% in 2016. The level of deviation grew by 54%, as compared to 2005, when it constituted 86.4%. The process of post-industrialization of Russia's economy is far from its end, as the share of service sphere in the structure of gross regional product for Russian regions constitutes 39.6% in 2016, with deviation of 57.3%.

Innovational activity of Russian organizations is low. Thus, the share of organizations that conduct innovations constitutes 8.6% in 2016 on average. The share of innovations-oriented business reduced by 9%, as compared to 2005. The per cent of deviation is very high – 49.3%.

The volume of investments into fixed capital for Russian regions constitutes RUB173 billion in 2016. Deviation from the average value – 149.7%.

The performed analysis showed that regions of modern Russia are peculiar for strong deviations from average values of indicators of socio-economic development – the value of these deviations has grown over the recent years. This shows increase of the gap between Russia's regions. Thus, deficit of investment resources leads to lack of possibilities for implementing innovations, which slows down the process of post-industrialization of economy and increase of living standards.

Wide perspectives for activation of development of regional economy open in the context of modernization of economic system, as traditional Russian practice of taking financial resources from the regions in favor of the national interests is replaced by the opposite tendency – provision of federal support to regions. Innovations allow starting the process of their socio-economic development and this stimulation decrease of the gap between regions. At that, it is important to ensure support for underdeveloped regions.

The mechanism of development of regions should be based on private entrepreneurship. Unfavorable conditions for creation and doing business – inaccessibility of resources, primarily, financial, low paying capacity – are a key reason for their slow development and their improvements should be done in the context of economy's modernization. For this, we offer to use the following methods of activation of regional economy development in the context of modernization of economic system.

1st method: supporting startups. The important barrier for entering the market is inaccessibility of financial resources due to high interest rates for credits and high requirement for guarantees. Provision of state guarantees for credits for starting innovational companies and guarantee-free leasing conditions will allow increasing business activity in the innovational sphere.

2nd method: innovational development of state companies through public-private partnership. Budget institutions of regions do not show any innovational activity. Providing private business with access to their resources in exchange for effective management of innovations will allow starting the process of modernization of state entrepreneurship.

3rd method: placing state order for innovational products. The basis of Russia's regions' economy is large industrial enterprises. Violation of economic connections in the conditions of crisis complicated sales of their products. State order for innovational products of these companies will allow stimulating their innovational activity and supporting profitability of business for prevention of its bankruptcy.

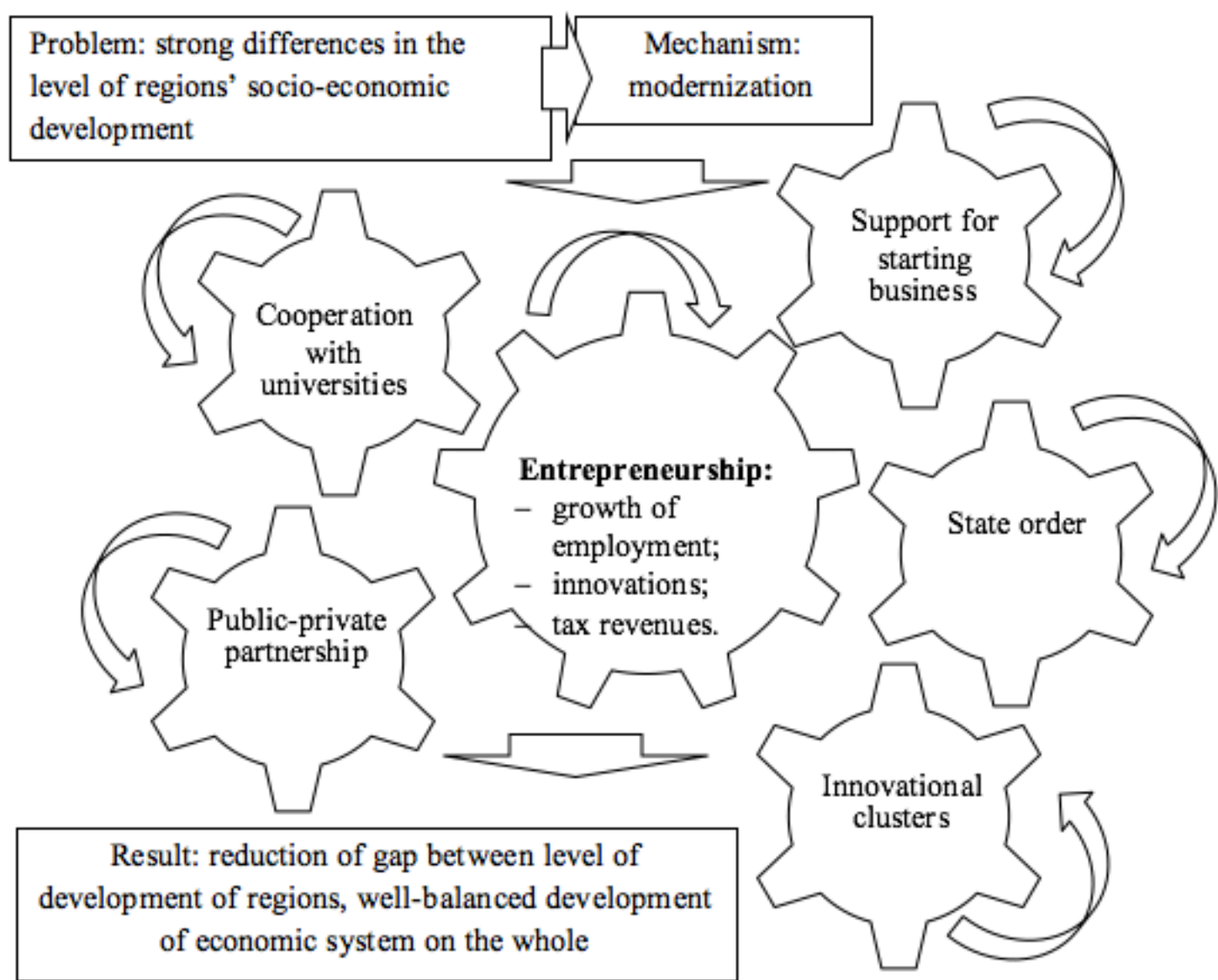
4th method: development of cooperation between regional entrepreneurship and entrepreneurship. Lack of resources for scientific research and purchase of expensive finished innovations makes it impossible to show innovational activity by companies in the Russian regions. While cooperating with universities, they will be able to place orders for scientific research for acceptable prices.

5th method: stimulating creation of regional innovational clusters. All necessary conditions for manifestation of innovational activity by business are created. There's necessity for state support for cluster initiatives in the innovational sphere, provided through help in legal registration of relations between cluster's participants.

The above methods determine the offered mechanism of activation of development of regional economy in the context of modernization of modern Russia's economic system (Fig. 1).

Figure 1

Mechanism of activation of regional economy development in the context of modernization of modern Russia's economic system



Source: compiled by the authors.

As is seen from Figure 1, as a result of implementation of the offered recommendations, the gap in the levels of regions' development is reduced, and well-balanced development of Russia's economic system on the whole is achieved. As the state is an intermediary in this process, while the main role is assigned to private business, the measures of state support for the process of development of regional economy are temporary, and such development will take place under the influence of the market mechanism, which will ensure high effectiveness of the offered mechanism.

5. Conclusions

It should be noted that contrary to the popular ideas on the impossibility of well-balanced development of Russia's regional economy due to large differences in existing potential and achieved successes on the path of such development, the authors offer the mechanism that allows ensuring implementation of this task. The above methods of activation of regional economy development in the context of modernization of economic system allow starting innovational processes at the level of underdeveloped Russian regions and thus reducing the gap between them and the leading regions.

Together with implementation of the offered recommendations, it is necessary to conduct thorough control over behavior of entrepreneurship. The most important goal of modernization is not increase of commercial profit of separate economic subjects by means of the state but starting the process of innovational development of Russia's regional economy as an economic system. That's why it is necessary to support business activity, the most important criterion of which should be true innovational activity.

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